

## REQUEST FOR COUNCIL ACTION

MEETING

DATE: 9/15/03

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**AGENDA SECTION:**

Consent Agenda/Organizational Business

**ORIGINATING DEPT:**

Finance Department

**ITEM NO.**

D-9

**ITEM DESCRIPTION:** Approving Resolutions Authorizing Interfund Advances for Various  
Approved Tax Increment Financing Projects**PREPARED BY:**

Dale Martinson

The 2001 Tax Bill enacted by the State legislature included a number of changes to Tax Increment Financing (TIF) law (Laws of Minnesota for 2001, First Special Session, Chapter 5, Article 15). Among them was a requirement (effective 7/31/01) for the City Council to approve an authorizing resolution before any monies are "transferred, advanced or spent, whichever is earliest" from other available City funds to pay for development or redevelopment expenses that may later become eligible for reimbursement through tax increment revenues.

The City has, on several occasions, used its internal monies to pay for upfront development costs of a tax increment-eligible development on either a temporary or long term basis. When the amounts needed are small enough to be funded internally, this method is more efficient and less expensive than a public bond offering. In some cases, such as the recently approved affordable housing assistance, we are initially unsure of how much of the assistance will actually be used so determining an upfront bond size would be difficult.

Additionally, we often utilize our own monies for preliminary costs such as consulting, appraisals or other costs we incur before we get a permanent TIF bond issued on a large project. If any such preliminary costs are to be eligible for subsequent TIF reimbursement, we now need to have an authorizing resolution in place prior to expenditures being made. Those resolutions must include terms of the loan or advance, including at a minimum, the principal amount, the interest rate and the maximum term.

A summary of the TIF projects that will require an interfund loan transfer, and their estimated terms, are attached. Funding for these advances is recommended to be the 1% Flood Control Sales Tax Fund.

**COUNCIL ACTION REQUESTED:**

Approve resolutions authorizing advances from other funds for the previously-approved tax increment projects as listed on the attached page.

**COUNCIL ACTION:** Motion by: \_\_\_\_\_ Second by: \_\_\_\_\_ to: \_\_\_\_\_

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City of Rochester  
Interfund Loans and Advances Authority Needed  
Approved Projects Currently Underway as of August 31, 2003

Advances to come from the 1% Flood Control Sales Tax Fund

<u>TIF District #</u>	<u>TIF Fund</u>	<u>TIF Proj #</u>	<u>Project Name</u>	<u>Purpose</u>	<u>Maximum Advance</u>	<u>Maximum Term</u>	<u>Interest Rate</u>
20	533	2729	Rose Harbor 2nd	affordable housing	\$ 985,000	25 years	6.50%
21	534	2730	Valley Side Est 2nd	affordable housing	620,000	25 years	6.50%
22	535	2731	Kingsbury Hills 2nd	affordable housing	635,000	25 years	6.50%
23	536	2735	Manor Woods W Ctrl	affordable housing	300,000	25 years	6.50%
24	537	2737	Manor Woods Lake 6th	affordable housing	395,000	25 years	6.50%
25	538	2738	Rose Harbor 3rd	affordable housing	545,000	25 years	6.50%
26	539	2739	Rose Harbor Estates	affordable housing	495,000	25 years	6.50%
27	540	2740	Kingsbury Hills 3rd	affordable housing	260,000	25 years	6.50%